

# COMMITTEE REPORT

---

## MADAM PRESIDENT:

**The Senate Committee on Appropriations, to which was referred House Bill No. 1250, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:**

- 1       Page 1, between the enacting clause and line 1, begin a new  
2 paragraph and insert:  
3       "SECTION 1. IC 6-2.5-4-5 IS AMENDED TO READ AS  
4 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. (a) As used in  
5 this section, a "power subsidiary" means a corporation which is owned  
6 or controlled by one (1) or more public utilities that furnish or sell  
7 electrical energy, natural or artificial gas, water, steam, or steam heat  
8 and which produces power exclusively for the use of those public  
9 utilities.  
10       (b) A power subsidiary or a person engaged as a public utility is a  
11 retail merchant making a retail transaction when the subsidiary or  
12 person furnishes or sells electrical energy, natural or artificial gas,  
13 water, steam, or steam heating service to a person for commercial or  
14 domestic consumption.  
15       (c) Notwithstanding subsection (b), a power subsidiary or a person  
16 engaged as a public utility is not a retail merchant making a retail  
17 transaction in any of the following transactions:  
18       (1) The power subsidiary or person provides, installs, constructs,  
19 services, or removes tangible personal property which is used in  
20 connection with the furnishing of the services or commodities  
21 listed in subsection (b).  
22       (2) The power subsidiary or person sells the services or

commodities listed in subsection (b) to another public utility or power subsidiary described in this section or a person described in section 6 of this chapter.

(3) The power subsidiary or person sells the services or commodities listed in subsection (b) to a person for use in manufacturing, mining, production, refining, oil extraction, mineral extraction, irrigation, agriculture, or horticulture. However, this exclusion for sales of the services and commodities only applies if the services are consumed as an essential and integral part of an integrated process that produces tangible personal property and those sales are separately metered for the excepted uses listed in this subdivision, or if those sales are not separately metered but are predominately used by the purchaser for the excepted uses listed in this subdivision.

(4) The power subsidiary or person sells the services or commodities listed in subsection (b) and all the following conditions are satisfied:

(A) The services or commodities are sold to a business that after June 30, 2004:

(i) relocates all or part of its operations to a facility; or

(ii) expands all or part of its operations in a facility;

located in a military base (as defined in IC 36-7-30-1(c)), a military base reuse area established under IC 36-7-30, **the part of** an economic development area established under IC 36-7-14.5-12.5 **that is or formerly was a military base (as defined in IC 36-7-30-1(c))**, or a military base recovery site designated under IC 6-3.1-11.5.

(B) The business uses the services or commodities in the facility described in clause (A) not later than five (5) years after the operations that are relocated to the facility or expanded in the facility commence.

(C) The sales of the services or commodities are separately metered for use by the relocated or expanded operations.

However, this subdivision does not apply to a business that substantially reduces or ceases its operations at another location in Indiana in order to relocate its operations in an area described in this subdivision, unless the department determines that the business had existing operations in the area described in this subdivision and that the operations relocated to the area are an expansion of the business's operations in the area.

SECTION 2. IC 6-3-2-1.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1.5. (a) As used in

1 this section, "qualified area" means:

- 2 (1) a military base (as defined in IC 36-7-30-1(c));
- 3 (2) a military base reuse area established under IC 36-7-30;
- 4 (3) **the part of** an economic development area established under
- 5 IC 36-7-14.5-12.5 **that is or formerly was a military base (as**
- 6 **defined in IC 36-7-30-1(c));** or
- 7 (4) a military base recovery site designated under IC 6-3.1-11.5.

8 (b) Except as provided in subsection (c), a tax at the rate of five  
 9 percent (5%) of adjusted gross income is imposed on that part of the  
 10 adjusted gross income of a corporation that is derived from sources  
 11 within a qualified area if the corporation locates all or part of its  
 12 operations in a qualified area during the taxable year, as determined  
 13 under subsection (e). The tax rate under this section applies to the  
 14 taxable year in which the corporation locates its operations in the  
 15 qualified area and to the next succeeding four (4) taxable years.

16 (c) A taxpayer is not entitled to the tax rate described in subsection  
 17 (b) to the extent that the taxpayer substantially reduces or ceases its  
 18 operations at another location in Indiana in order to relocate its  
 19 operations within the qualified area, unless:

- 20 (1) the taxpayer had existing operations in the qualified area; and
- 21 (2) the operations relocated to the qualified area are an expansion
- 22 of the taxpayer's operations in the qualified area.

23 (d) A determination under subsection (c) that a taxpayer is not  
 24 entitled to the tax rate provided by this section as a result of a  
 25 substantial reduction or cessation of operations applies to the taxable  
 26 year in which the substantial reduction or cessation occurs and in all  
 27 subsequent years. Determinations under this section shall be made by  
 28 the department of state revenue.

29 (e) The department of state revenue:

- 30 (1) shall adopt rules under IC 4-22-2 to establish a procedure for
- 31 determining the part of a corporation's adjusted gross income that
- 32 was derived from sources within a qualified area; and
- 33 (2) may adopt other rules that the department considers necessary
- 34 for the implementation of this chapter.

35 SECTION 3. IC 6-3.1-11.5-17 IS AMENDED TO READ AS  
 36 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 17. As used in this  
 37 chapter, "vacant military base facility" means a facility that:

- 38 (1) is located in:
  - 39 (A) **the part of** an economic development area established
  - 40 under IC 36-7-14.5-12.5 **that is or formerly was a military**
  - 41 **base (as defined in IC 36-7-30-1(c));** or
  - 42 (B) a military base reuse area established under IC 36-7-30;

(2) was placed in service at least twenty (20) years ago; and

(3) has been vacant for two (2) or more years.

However, subdivision (3) does not apply to a facility that is owned by a municipality, a county, a military base reuse authority, or a redevelopment authority.

SECTION 4. IC 6-3.1-11.6-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. As used in this chapter, "qualified area" means:

(1) a military base (as defined in IC 36-7-30-1(c));

(2) a military base reuse area established under IC 36-7-30;

(3) **the part of** an economic development area established under IC 36-7-14.5-12.5 **that is or formerly was a military base (as defined in IC 36-7-30-1(c));** or

(4) a military base recovery site designated under IC 6-3.1-11.5."

Page 2, between lines 27 and 28, begin a new paragraph and insert:

**"(d) The legislative body of a county having a United States government military base that is scheduled for closing or is completely or partially inactive or closed may establish a redevelopment commission with the number and qualifications of members specified in the ordinance. The ordinance may provide that the redevelopment commission is an economic development corporation or a separate body corporate and politic that is an instrumentality of the county. The ordinance may establish the:**

**(1) number of members that make a quorum;**

**(2) annual or other date when the redevelopment commission will organize;**

**(3) officers that the redevelopment commission will have;**

**(4) name of the redevelopment commission; and**

**(5) other matters to allow for the redevelopment commission to carry out section 12.5 of this chapter."**

Page 3, between lines 33 and 34, begin a new paragraph and insert:

**"SECTION 5. IC 36-7-14-12.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 12.5. (a) This section applies to a redevelopment commission in a county having a United States government military base that is scheduled for closing or is completely or partially inactive or closed.**

**(b) The county legislative body may provide that the same entity shall act as a redevelopment commission and as an authority under IC 36-7-14.5-12.5. When acting as a redevelopment commission the entity shall comply with this chapter, and when acting as an authority under IC 36-7-14.5 the entity shall comply with**

1 **IC 36-7-14.5."**

2 Page 4, between lines 28 and 29, begin a new paragraph and insert:

3 "SECTION 7. IC 36-7-14.5-8 IS AMENDED TO READ AS  
4 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 8. (a) The board  
5 is composed of three (3) members, who must be residents of the unit  
6 appointed by the executive of the unit.

7 (b) A member is entitled to serve a three (3) year term. A member  
8 may be reappointed to subsequent terms.

9 (c) If a vacancy occurs on the board, the executive of the unit shall  
10 fill the vacancy by appointing a new member for the remainder of the  
11 vacated term.

12 (d) A board member may be removed for cause by the executive of  
13 the unit.

14 (e) Each member, before entering upon the duties of office, must  
15 take and subscribe an oath of office under IC 5-4-1, which shall be  
16 endorsed upon the certificate of appointment and filed with the records  
17 of the board.

18 (f) A member may not receive a salary, and no profit or money of  
19 the authority inures to the benefit of a member.

20 **(g) The legislative body of a county having a United States**  
21 **government military base that is scheduled for closing or is**  
22 **completely or partially inactive or closed may establish an**  
23 **authority with the number and qualifications of members specified**  
24 **in the ordinance. The ordinance may provide that the authority is**  
25 **an economic development corporation or a separate body**  
26 **corporate and politic that is an instrumentality of the county. The**  
27 **ordinance may establish the:**

- 28 **(1) number of members that make a quorum;**
- 29 **(2) annual or other date when the authority will organize;**
- 30 **(3) officers that the authority will have;**
- 31 **(4) name of the authority; and**
- 32 **(5) other matters to allow for the authority to carry out section**  
33 **12.3 of this chapter.**

34 SECTION 8. IC 36-7-14.5-12.3 IS ADDED TO THE INDIANA  
35 CODE AS A NEW SECTION TO READ AS FOLLOWS  
36 [EFFECTIVE UPON PASSAGE]: **Sec. 12.5. (a) This section applies**  
37 **to a redevelopment commission in a county having a United States**  
38 **government military base that is scheduled for closing or is**  
39 **completely or partially inactive or closed.**

40 **(b) The county legislative body may provide that the same entity**  
41 **shall act as a redevelopment commission under IC 36-7-14 and as**  
42 **an authority under this chapter. When acting as a redevelopment**

- 1       **commission the entity shall comply with IC 36-7-14, and when**
  - 2       **acting as an authority the entity shall comply with IC 36-7-14.5."**
  - 3       Page 4, line 34, delete "Except as otherwise provided, the legislative
  - 4       body of a".
  - 5       Page 4, delete lines 35 and 36.
  - 6       Page 4, line 37, delete "county."
  - 7       Page 5, line 2, reset in roman "However,".
  - 8       Page 5, line 2, delete "An" and insert "an".
  - 9       Page 5, line 2, reset in roman "not".
  - 10      Page 5, line 3, reset in roman "that was declared a blighted".
  - 11      Page 5, reset in roman line 4.
  - 12      Page 5, line 5, reset in roman "IC 36-7-14."
  - 13      Page 5, line 5, delete "within the jurisdiction of the authority." and
  - 14      insert "**The area shall be established only in the area where a United**
  - 15      **States government military base that is scheduled for closing or is**
  - 16      **completely or partially inactive or closed is or was located."**
  - 17      Page 7, delete lines 9 through 14.
  - 18      Page 11, line 24, after "recognize" insert "**that the authority is also**
  - 19      **the redevelopment commission in the county."**
  - 20      Page 11, delete lines 25 through 29.
  - 21      Renumber all SECTIONS consecutively.
- (Reference is to HB 1250 as reprinted February 16, 2005.)

**and when so amended that said bill do pass .**

Committee Vote: Yeas 8, Nays 0.

---

**Senator Meeks, Chairperson**